

CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS

CASE NUMBER: 20-41157

JUDGE: Edward L. Morris

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF TEXAS

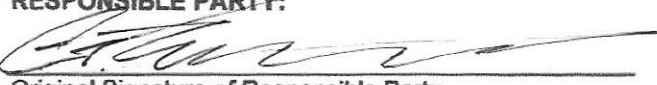
Fort Worth DIVISION

MONTHLY OPERATING REPORT

MONTH ENDING: July 31, 2020

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS - 1 THROUGH ACCRUAL BASIS - 7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

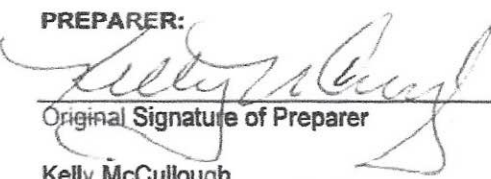
  
Original Signature of Responsible Party

Glynne Townsend  
Printed Name of Responsible Party

CEO, CRO  
Title

8/24/2020  
Date

PREPARER:

  
Original Signature of Preparer

Kelly McCullough  
Printed Name of Preparer

Financial Advisors for the  
Debtor-In-Possession

Title

8/18/2020  
Date

CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 1

CASE NUMBER: 20-41157

| COMPARATIVE BALANCE SHEET                            |                  | (SEE GENERAL FOOTNOTE) |                 |                 |
|--|------------------|------------------------|-----------------|-----------------|
|  | SCHEDULED AMOUNT | MONTH<br>Jul-20        | MONTH<br>Aug-20 | MONTH<br>Sep-20 |
| <b>ASSETS</b>  |                  |                        |                 |                 |
| 1. Unrestricted Cash                                 |                  |                        |                 |                 |
| 2. Restricted Cash                                   |                  |                        |                 |                 |
| 3. Total Cash  |                  |                        |                 |                 |
| 4. Accounts Receivable (Net)                         | 50,000           | 50,000                 |                 |                 |
| 5. Inventory   |                  |                        |                 |                 |
| 6. Notes Receivable                                  |                  |                        |                 |                 |
| 7. Prepaid Expenses                                  |                  |                        |                 |                 |
| 8. Other (Attach List)                               |                  |                        |                 |                 |
| 9. Total Current Assets                              | 50,000           | 50,000                 |                 |                 |
| 10. Property, Plant & Equipment                      |                  |                        |                 |                 |
| 11. Less: Accumulated Depreciation/Depletion         |                  |                        |                 |                 |
| 12. Net Property, Plant & Equipment                  |                  |                        |                 |                 |
| 13. Due From Insiders                                |                  |                        |                 |                 |
| 14. Other Assets - Net of Amortization (Attach List) |                  |                        |                 |                 |
| 15. Other (Attach List)                              |                  |                        |                 |                 |
| 16. Total Assets                                     | 50,000           | 50,000                 |                 |                 |
| <b>POST PETITION LIABILITIES</b>                     |                  |                        |                 |                 |
| 17. Accounts Payable                                 |                  | 650                    |                 |                 |
| 18. Taxes Payable                                    |                  |                        |                 |                 |
| 19. Notes Payable                                    |                  |                        |                 |                 |
| 20. Professional Fees                                |                  |                        |                 |                 |
| 21. Secured Debt                                     |                  |                        |                 |                 |
| 22. Other (Attach List)                              |                  |                        |                 |                 |
| 23. Total Post Petition Liabilities                  |                  | 650                    |                 |                 |
| <b>PRE PETITION LIABILITIES</b>                      |                  |                        |                 |                 |
| 24. Secured Debt                                     | 50,000           | 50,000                 |                 |                 |
| 25. Priority Debt                                    |                  |                        |                 |                 |
| 26. Unsecured Debt                                   |                  |                        |                 |                 |
| 27. Other (Attach List)                              |                  |                        |                 |                 |
| 28. Total Pre Petition Liabilities                   | 50,000           | 50,000                 |                 |                 |
| 29. Total Liabilities                                | 50,000           | 50,650                 |                 |                 |
| <b>EQUITY</b>  |                  |                        |                 |                 |
| 30. Pre Petition Owners' Equity                      |                  |                        |                 |                 |
| 31. Post Petition Cumulative Profit Or (Loss)        |                  | (650)                  |                 |                 |
| 32. Direct Charges To Equity                         |                  |                        |                 |                 |
| 33. Total Equity                                     |                  | (650)                  |                 |                 |
| 34. Total Liabilities and Equity                     |                  | 50,000                 |                 |                 |

This form \_\_\_ does \_\_\_ does not have related footnotes on Footnotes Supplement.

CASE NAME: Zpower Texas, LLC

**ACCRUAL BASIS - 2**

CASE NUMBER: 20-41157

**INCOME STATEMENT**

| REVENUES  | MONTH<br>Jul-20 | MONTH<br>Aug-20 | MONTH<br>Sep-20 | QUARTER<br>TOTAL |
|---|-----------------|-----------------|-----------------|------------------|
| 1. Gross Revenues                                   |                 |                 |                 |                  |
| 2. Less: Returns & Discounts                        |                 |                 |                 |                  |
| 3. Net Revenue                                      |                 |                 |                 |                  |
| <b>COST OF GOODS SOLD</b>                           |                 |                 |                 |                  |
| 4. Material   |                 |                 |                 |                  |
| 5. Direct Labor                                     |                 |                 |                 |                  |
| 6. Direct Overhead                                  |                 |                 |                 |                  |
| 7. Total Cost Of Goods Sold                         |                 |                 |                 |                  |
| 8. Gross Profit                                     |                 |                 |                 |                  |
| <b>OPERATING EXPENSES</b>                           |                 |                 |                 |                  |
| 9. Officer / Insider Compensation                   |                 |                 |                 |                  |
| 10. Selling & Marketing                             |                 |                 |                 |                  |
| 11. General & Administrative                        |                 |                 |                 |                  |
| 12. Rent & Lease                                    |                 |                 |                 |                  |
| 13. Other (Attach List)                             |                 |                 |                 |                  |
| 14. Total Operating Expenses                        |                 |                 |                 |                  |
| 15. Income Before Non-Operating<br>Income & Expense |                 |                 |                 |                  |
| <b>OTHER INCOME &amp; EXPENSES</b>                  |                 |                 |                 |                  |
| 16. Non-Operating Income (Att List)                 |                 |                 |                 |                  |
| 17. Non-Operating Expense (Att List)                |                 |                 |                 |                  |
| 18. Interest Expense                                |                 |                 |                 |                  |
| 19. Depreciation / Depletion                        |                 |                 |                 |                  |
| 20. Amortization                                    |                 |                 |                 |                  |
| 21. Other (Attach List)                             |                 |                 |                 |                  |
| 22. Net Other Income & (Expenses)                   |                 |                 |                 |                  |
| <b>REORGANIZATION EXPENSES</b>                      |                 |                 |                 |                  |
| 23. Professional Fees                               |                 |                 |                 |                  |
| 24. U.S. Trustee Fees                               |                 |                 |                 |                  |
| 25. Other (Attach List)                             |                 |                 |                 |                  |
| 26. Total Reorganization Expenses                   |                 |                 |                 |                  |
| 27. Income Tax                                      |                 |                 |                 |                  |
| 28. Net Profit (Loss)                               |                 |                 |                 |                  |

This form \_\_\_\_ does \_\_\_\_ does not have related footnotes on Footnotes Supplement.

CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 3

CASE NUMBER: 20-41157

| CASH RECEIPTS AND DISBURSEMENTS          | MONTH<br>Jul-20 | MONTH<br>Aug-20 | MONTH<br>Sep-20 | QUARTER<br>TOTAL |
|--|-----------------|-----------------|-----------------|------------------|
| 1. Cash - Beginning Of Month             |                 |                 |                 |                  |
| <b>RECEIPTS FROM OPERATIONS</b>          |                 |                 |                 |                  |
| 2. Cash Sales                            |                 |                 |                 |                  |
| <b>COLLECTION OF ACCOUNTS RECEIVABLE</b> |                 |                 |                 |                  |
| 3. Pre Petition                          |                 |                 |                 |                  |
| 4. Post Petition                         |                 |                 |                 |                  |
| 5. Total Operating Receipts              |                 |                 |                 |                  |
| <b>NON-OPERATING RECEIPTS</b>            |                 |                 |                 |                  |
| 6. Loans & Advances (Attach List)        |                 |                 |                 |                  |
| 7. Sale of Assets                        |                 |                 |                 |                  |
| 8. Other (Attach List)                   |                 |                 |                 |                  |
| 9. Total Non-Operating Receipts          |                 |                 |                 |                  |
| 10. Total Receipts                       |                 |                 |                 |                  |
| 11. Total Cash Available                 |                 |                 |                 |                  |
| <b>OPERATING DISBURSEMENTS</b>           |                 |                 |                 |                  |
| 12. Net Payroll                          |                 |                 |                 |                  |
| 13. Payroll Taxes Paid                   |                 |                 |                 |                  |
| 14. Sales, Use & Other Taxes Paid        |                 |                 |                 |                  |
| 15. Secured / Rental / Leases            |                 |                 |                 |                  |
| 16. Utilities                            |                 |                 |                 |                  |
| 17. Insurance                            |                 |                 |                 |                  |
| 18. Inventory Purchases                  |                 |                 |                 |                  |
| 19. Vehicle Expenses                     |                 |                 |                 |                  |
| 20. Travel                               |                 |                 |                 |                  |
| 21. Entertainment                        |                 |                 |                 |                  |
| 22. Repairs & Maintenance                |                 |                 |                 |                  |
| 23. Supplies                             |                 |                 |                 |                  |
| 24. Advertising                          |                 |                 |                 |                  |
| 25. Other (Attach List)                  |                 |                 |                 |                  |
| 26. Total Operating Disbursements        |                 |                 |                 |                  |
| <b>REORGANIZATION DISBURSEMENTS</b>      |                 |                 |                 |                  |
| 27. Professional Fees                    |                 |                 |                 |                  |
| 28. U.S. Trustee Fees                    |                 |                 |                 |                  |
| 29. Other (Attach List)                  |                 |                 |                 |                  |
| 30. Total Reorganization Expenses        |                 |                 |                 |                  |
| 31. Total Disbursements                  |                 |                 |                 |                  |
| 32. Net Cash Flow                        |                 |                 |                 |                  |
| 33. Cash - End of Month                  | -               |                 |                 |                  |

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CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 4

CASE NUMBER: 20-41157

(SEE GENERAL FOOTNOTE)

| ACCOUNTS RECEIVABLE AGING            | SCHEDULED<br>AMOUNT | MONTH<br>Jul-20 | MONTH<br>Aug-20 | MONTH<br>Sep-20 |
|--------------------------------------|---------------------|-----------------|-----------------|-----------------|
| 1. 0 - 30                            |                     |                 |                 |                 |
| 2. 31 - 60                           | 50,000              |                 |                 |                 |
| 3. 61 - 90                           |                     |                 |                 |                 |
| 4. 91 +                              |                     | 50,000          |                 |                 |
| 5. Total Accounts Receivable         | 50,000              | 50,000          |                 |                 |
| 6. (Amount Considered Uncollectible) |                     |                 |                 |                 |
| 7. Accounts Receivable (Net)         | 50,000              | 50,000          |                 |                 |

MONTH: July-20

| AGING OF POST PETITION TAXES AND PAYABLES |                |                 |                 |              |       |
|---|----------------|-----------------|-----------------|--------------|-------|
| TAXES PAYABLE                             | 0 - 30<br>DAYS | 31 - 60<br>DAYS | 61 - 90<br>DAYS | 91 +<br>DAYS | TOTAL |
| 1. Federal                                |                |                 |                 |              |       |
| 2. State                                  |                |                 |                 |              |       |
| 3. Local                                  |                |                 |                 |              |       |
| 4. Other (Attach List)                    |                |                 |                 |              |       |
| 5. Total Taxes Payable                    |                |                 |                 |              |       |
| 6. Accounts Payable                       | 325            | 325             |                 |              | 650   |

MONTH: July-20

| STATUS OF POST PETITION TAXES  |                              |                                   |               |                         |
|--------------------------------|------------------------------|-----------------------------------|---------------|-------------------------|
| FEDERAL                        | BEGINNING TAX<br>LIABILITY * | AMOUNT WITHHELD<br>AND/OR ACCRUED | (AMOUNT PAID) | ENDING TAX<br>LIABILITY |
| 1. Withholding **              |                              |                                   |               |                         |
| 2. FICA - Employee **          |                              |                                   |               |                         |
| 3. FICA - Employer **          |                              |                                   |               |                         |
| 4. Unemployment                |                              |                                   |               |                         |
| 5. Other - Income Tax          |                              |                                   |               |                         |
| 6. Other- Earned Income Credit |                              |                                   |               |                         |
| 7. Total Federal Taxes         |                              |                                   |               |                         |
| STATE AND LOCAL                |                              |                                   |               |                         |
| 8. Withholding                 |                              |                                   |               |                         |
| 9. Sales                       |                              |                                   |               |                         |
| 10. Excise                     |                              |                                   |               |                         |
| 11. Unemployment               |                              |                                   |               |                         |
| 12. Real Property              |                              |                                   |               |                         |
| 13. Personal Property          |                              |                                   |               |                         |
| 14. Other (Attach List)        |                              |                                   |               |                         |
| 15. Total State And Local      |                              |                                   |               |                         |
| 16. Total Taxes                |                              |                                   |               |                         |

\* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

\*\* Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment of deposit.

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CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 5

CASE NUMBER: 20-41157

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

| MONTH: July-20                      |   |
|-------------------------------------|---|
| BANK RECONCILIATIONS                | Account # 1      Account # 2      Account # 3      Other Accounts               |
| A. BANK:                            | (Attach List)   |
| B. ACCOUNT NUMBER:                  | TOTAL   |
| C. PURPOSE (TYPE):                  |   |
| 1. Balance Per Bank Statement       |   |
| 2. Add: Total Deposits Not Credited |   |
| 3. Subtract: Outstanding Checks     |   |
| 4. Other Reconciling Items          |   |
| 5. Month End Balance Per Books      | -      -      -   |
| 6. Number of Last Check Written     |   |
| INVESTMENT ACCOUNTS                 |   |
| BANK, ACCOUNT NAME & NUMBER         | DATE OF PURCHASE      TYPE OF INSTRUMENT      PURCHASE PRICE      CURRENT VALUE |
| 7.                                  |   |
| 8.                                  |   |
| 9.                                  |   |
| 10. (Attach List)                   |   |
| 11. Total Investments               |   |
| CASH                                |   |
| 12. Currency On Hand                |   |
| 13. Total Cash - End of Month       |   |

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CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 6

CASE NUMBER: 20-41157MONTH: July-20**PAYMENTS TO INSIDERS AND PROFESSIONALS**

Of the Total Disbursements shown for the month, list the amount paid to Insiders (as defined in Section 101 (31) (A) - (F) of the U.S. Bankruptcy Code) and to Professionals. Also, for payments to Insiders, identify the type of compensation paid (e.g. salary, bonus, commissions, insurance, housing allowance, travel, car allowance, etc.). Attach additional sheets if necessary.

| INSIDERS                      |                 |             |                    |
|-------------------------------|-----------------|-------------|--------------------|
| NAME                          | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| 1.                            |                 |             |                    |
| 2.                            |                 |             |                    |
| 3.                            |                 |             |                    |
| 4.                            |                 |             |                    |
| 5.                            |                 |             |                    |
| 6.                            |                 |             |                    |
| 7.                            |                 |             |                    |
| 8. (Attach List)              |                 |             |                    |
| 9. Total Payments To Insiders |                 |             |                    |

| PROFESSIONALS                      |   |                 |             |                    |                           |
|------------------------------------|---|-----------------|-------------|--------------------|---------------------------|
| NAME                               | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID * |
| 1. Munsch Hardt Kopf & Harr, PC    |   |                 |             |                    |                           |
| 2. Lain Faulkner & Co., P.C.       |   |                 |             |                    |                           |
| 3.                                 |   |                 |             |                    |                           |
| 4.                                 |   |                 |             |                    |                           |
| 5.                                 |   |                 |             |                    |                           |
| 6.                                 |   |                 |             |                    |                           |
| 7. (Attach List)                   |   |                 |             |                    |                           |
| 8. Total Payments To Professionals |   |                 |             |                    |                           |

\* Include all fees incurred, both approved and unapproved

| POST PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS |                                |                           |                            |
|--|--------------------------------|---------------------------|----------------------------|
| NAME OF CREDITOR   | SCHEDULED MONTHLY PAYMENTS DUE | AMOUNTS PAID DURING MONTH | TOTAL UNPAID POST PETITION |
| 1.   | \$ -                           | \$ -                      | \$ -                       |
| 2.   |                                |                           |                            |
| 3.   |                                |                           |                            |
| 5. (Attach List)   |                                |                           |                            |
| 6. TOTAL   |                                | \$ -                      | \$ -                       |

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CASE NAME: Zpower Texas, LLC

ACCRUAL BASIS - 7

CASE NUMBER: 20-41157

MONTH: July-20

## QUESTIONNAIRE

|  | YES | NO |
|--|-----|----|
| 1. Have any Assets been sold or transferred outside the normal course of business this reporting period? |     | X  |
| 2. Have any funds been disbursed from any account other than a debtor in possession account?             |     | X  |
| 3. Are any Post Petition Receivables (accounts, notes, or loans) due from related parties?               |     | X  |
| 4. Have any payments been made on Pre Petition Liabilities this reporting period?                        |     | X  |
| 5. Have any Post Petition Loans been received by the debtor from any party?                              |     | X  |
| 6. Are any Post Petition Payroll Taxes past due?   |     | X  |
| 7. Are any Post Petition State or Federal Income Taxes past due?   |     | X  |
| 8. Are any Post Petition Real Estate Taxes past due?   |     | X  |
| 9. Are any other Post Petition Taxes past due?   |     | X  |
| 10. Are any amounts owed to Post Petition creditors delinquent?  |     | X  |
| 11. Have any Pre Petition Taxes been paid during the reporting period?                                   |     | X  |
| 12. Are any wage payments past due?  |     | X  |

If the answer to any of the above questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.

## INSURANCE

|  | YES | NO  |
|--|-----|-----|
| 1. Are Worker's Compensation, General Liability and other necessary insurance coverages in effect? |     | N/A |
| 2. Are all premium payments paid current?  |     | N/A |
| 3. Please itemize policies below.  |     | N/A |

If the answer to any of the above questions is "No", or if any policies have been canceled or not renewed during this reporting period, provide an explanation below. Attach additional sheets if necessary.

## INSTALLMENT PAYMENTS

| TYPE OF POLICY | CARRIER | PERIOD COVERED | PAYMENT AMOUNT & FREQUENCY |
|----------------|---------|----------------|----------------------------|
|                |         |                |                            |
|                |         |                |                            |
|                |         |                |                            |

This form X does \_\_\_ does not have related footnotes on Footnotes Supplement.

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